



AGENDA ITEM SUMMARY

City Council

STAFF

Travis Storin, Chief Financial Officer
John Duval, Legal

SUBJECT

Items Relating to City Initiated TABOR Questions (Sustainable Funding).

EXECUTIVE SUMMARY

- A. Possible Public Hearing and Motions Regarding Protest (s) of Ballot Language.
- B. Resolution 2023-073 Submitting A Ballot Issue Question to the City's Registered Electors at the City's Regular Election on November 7, 2023, Asking Them to Authorize the City to Levy a Three Mill Property Tax to be Used Exclusively to Fund Affordable Housing.

OR

Resolution 2023-073 Submitting A Ballot Issue Question to the City's Registered Electors at the City's Regular Election on November 7, 2023, Asking Them to Authorize the City to Levy a Three Mill Property Tax to be Used Exclusively to Advance the City's Goals Under its 2021 Housing Strategic Plan.

- C. Resolution 2023-074 Submitting a Ballot Issue Question to the City's Registered Electors at the City's Regular Election on November 7, 2023, Asking Them to Increase by .50% the City's Sales and Use Tax Rate to be Used Exclusively for Certain Specified Purposes. [WITH PERCENTAGES INSERTED]

OR

Resolution 2023-074 Submitting a Ballot Issue Question to the City's Registered Electors at the City's Regular Election on November 7, 2023, Asking Them to Increase by .50% the City's Sales and Use Tax Rate to be Used Exclusively for Certain Specified Purposes. [WITH BLANK PERCENTAGES]

The purpose of this item is to consider two resolutions and ballot language that reflect Councilmember feedback from the July 25, 2023, work session discussion. Two versions of each resolution are provided for consideration.

Any protest of the proposed ballot language must be received no later than Monday, August 14, 2023, at 12:00 p.m. Protest(s) shall be heard, considered, and resolved by the Council prior to adoption of the related Ordinance. If protests are received, copies will be included in Council's "Read Before the Meeting" packet.

STAFF RECOMMENDATION

On Item B (3-Mill Property Tax to Support Affordable Housing – set to be the second ballot question) staff has provided a version that limits spending more narrowly to affordable housing activities. The second

version expands from strictly an affordability focus to more of a focus on all strategies identified in the Housing Strategic Plan. Staff recommends this version.

On Item C (Dedicated .5-cent Renewable Tax to Support Parks, Recreation, Pools, Transit, and Climate – set to be the first of these ballot questions), Council discussion at the July 25 work session pointed towards an even split of funding between uses. This is provided as the first option. Alternatively, to ensure sufficient funding to meet the existing gap for parks and recreation asset management and the construction of desired aquatics facilities, staff recommends a split of funding with 50% for Parks and Recreation, and 25% each for Transit and Climate. This is the second version of Resolution 2023-074.

Both options state that the spending for each category shall be reconciled to the stated percentages within the first 7 years (2030), the second 10 years (2040), and the last 10 years of the tax (2050).

BACKGROUND / DISCUSSION

For the past 20 months, staff has been working with the Council Finance Committee and the full Council to strategically address a funding deficit in parks and funding implementation needs to address goals outlined in the Transit Master Plan, the Housing Strategic Plan, and the Our Climate Future initiative.

Original conversations in 2021 and early 2022 began with a slate of over a dozen funding mechanisms for consideration. Over time, the analysis and conversation on feasibility and desirability has led to consideration of a mill levy increase and a dedicated sales tax. These conversations also highlighted a lack of funding in the recreation and pool area for both replacement and new facilities. To consolidate and align, these needs were added to the parks funding conversation.

At the July 25, 2023, work session staff presented options that included a 5-Mill property tax increase for parks, recreation, and pools and a .25-cent dedicated tax for Transit, Housing, and Climate. Following the discussion, Councilmember feedback landed on the Resolutions presented today.

Category	Funding Mechanism	Timing	Use	Annual Revenue Estimate	Resident Annual Impact
Property Tax	3 Mills	2023	Housing	\$11M	Residential increase of: \$86 on \$400K home \$107 on \$500K home \$161 on \$750K home \$215 on \$1M home Commercial increase of \$376 on \$432K biz
Sales Tax	Additional ½ Cent Dedicated Tax	2023	Parks, Recreation, Pools Transit, & Climate	\$20M	\$62 per resident/ \$156* per household Sales tax on food would remain at 2.25% Visitors also impacted
Total				\$32M+	\$256 net annual increase per household

CITY FINANCIAL IMPACTS

Any new revenue received through these mechanisms would be bound by the guidance on uses provided in the ballot language. Also, any expenditures of this revenue would be vetted and considered through the normal budget process along with all other services and offers.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Not applicable.

PUBLIC OUTREACH

Not applicable.

ATTACHMENTS

1. Resolution B for Consideration
2. Resolution C for Consideration
3. July 25 Work Session Presentation
4. July 25 Work Session Summary
5. Presentation